

# **THE LEONARD LETTER**

*December 5, 2005*

## **QUOTE OF THE WEEK**

*“(I)f the immigrant who comes here in good faith becomes an American and assimilates himself to us, he shall be treated on an exact equality with everyone else, for it is an outrage to discriminate against any such man because of creed, or birthplace, or origin. But this is predicated upon the man's becoming in very fact an American and nothing but an American. . . . There can be no divided allegiances here. Any man who says he is an American, but something else also, isn't an American at all. We have room for but one flag, the American flag. . . . (W)e have room for but one language here, and that is the English language...and we have room for but one sole loyalty and that is a loyalty to the American people.” --- Teddy Roosevelt, 1907*

## **UNDER THE DOME**

### **\*\*\*The Appointment\*\*\***

First, let it be said that Governors, Presidents, even Board of Equalization Members have the absolute right to pick anyone they choose to be their chief of staff. The position is so personal to the chief executive that it is NOT subject to Senate confirmation in either Sacramento or Washington, D.C. For this reason alone I hope that Susan Kennedy is successful.

Second, I hope more is said in the press about Patricia Clarey, who is leaving as Governor Schwarzenegger's Chief of Staff. The job she did keeping this ship of state upright is tremendous and she deserves the recognition that goes with a job well done.

As to Susan Kennedy, the new Chief of Staff: she earns plaudits for her duty on the Public Utilities Commission working to keep the utilities making massive investments in California. I do like her voting record there.

But the Oracle corruption issue continues to follow her. As Governor Davis' gatekeeper, she was in the key position to know if the Governor accepted campaign bribes for steering government contracts, or if bureaucrats under her bungled the process and she failed to catch it and stop them. Since our investigatory committee was halted by the Speaker before we got to the truth, and the Attorney General failed to follow up on any of the leads, the smell of corruption hangs over Davis and all of his top aides to this day. It is a smell that has no place in the California Capitol.

### **\*\*\*LAO On Amnesty\*\*\***

The Legislative Analyst has just released a report about the state's fiscal outlook that concludes the budget outlook has improved because of revenue increases, as well as savings from last

year's budget. That rather rosy outlook was covered by the media, but what was missing was the LAO's finding about the tax amnesty program. The program collected \$3.8 billion, but the LAO believes that only \$380 million of that is real new money. Fourth-fifths of the amnesty claims filed were done not because the taxpayers believed they owe the money, but because filing protects them against penalty should they be found to owe the money. So our amnesty program generated billions of dollars of payments that will eventually be refunded, caused thousands of taxpayers to file extra paperwork, and generated lots of work for state workers. Why should there be any rosiness to a program that has a net effectiveness of only 10%? This program remains a poorly designed tax scheme to increase penalties on taxpayers confounded by the complexities of the tax code.

### **\*\*\*Making Criminals Out of Businesspeople\*\*\***

Speaking of state tax law making life difficult for people, be aware of a new law that goes into effect January 1, 2006. Anyone who holds a sales and use tax permit and makes average monthly tax payments of \$10,000 or more will now be required to pay their sales and use taxes by electronic funds transfer. EFT is a good program and an efficient means of collecting taxes, but forcing businesses to participate is not a good idea. So far, thousands of California business owners who are mandated to register for this requirement have failed to do so. I believe that we will be making criminals out of many businesspeople who simply do not know about this new requirement. Spread the word and help keep your favorite business owner out of trouble.

### **\*\*\*HQ Building Update\*\*\***

As many of you have read, the windows at the Board of Equalization's headquarters building are failing. The danger is such we have erected protective scaffolding on the sidewalks to protect our employees and the public from falling glass. At the Board's last meeting, we voted unanimously to declare an emergency to prod the Department of General Services to take immediate action to fix their building.

We are exploring the possibility for refinancing the mortgage to cover the window repair and save the state potentially ten of millions of dollars in interest on the loan. It turns out that the current mortgage on the building is 10.25%. Why did the state wait so long to look at re-financing since it looks to be a no-brainer? No one seems to know but now we have a wonderful opportunity to pay off the old high interest mortgage, borrow enough money to fix the building, and have the same or lower loan payments than before.

### **\*\*\*Private Accounts Calculator\*\*\***

Today I heard Federal Reserve Chairman Alan Greenspan talk about the need for "adjustments" to the Social Security system. The coming drain from the baby boom generation will eventually lead to sharply lower benefits and/or much higher taxes under the present scheme. Greenspan will be retiring soon and has made the need for Social Security reform a central theme to his farewell speeches. The President may have failed to advance his own plan, but at least he made Americans much more aware of the problem.

President Bush's plan to allow younger workers to designate a portion of their taxes toward a private account is a major change to a popular program. Because it is so popular, it is all the more difficult to convince most of the need to change it. But Americans are becoming increasingly savvy about finances. Since more are managing their finances online, the Heritage Foundation has come up with the excellent idea of making available an online calculator that compares how one would fare under private accounts vs. the social security system. This calculator is a wonderful teaching tool that deserves wide dissemination:

<http://www.heritage.org/research/features/socialsecurity/welcome.asp>

## MISCELLANY

### \*\*\*California Wants You\*\*\*

When I was nearing the end of my undergraduate education I applied to two programs: theological seminary and the California State Assembly fellowship. I received my acceptance letter to the Fellowship program first, and thus began my journey into a career in public service. Whether you aspire to a career or just want to learn more about the state in which you live or work, I encourage anyone with an undergraduate degree to apply. The deadline is February 22, 2006. You do not have to be a recent college grad; in fact, mid-career people are encouraged to apply. You do not have to have a degree in political science or public administration; in fact, the program seeks a variety of fields of study. You can apply for a fellowship with the State Senate, State Assembly, Executive branch, or Judicial branch. You will spend one year working at a high level in that branch of government, taking a graduate course from Cal State Sacramento, and learning a lot about how government really works. Learn more at:

[http://www.csus.edu/calst/Programs/about\\_programs.html](http://www.csus.edu/calst/Programs/about_programs.html)

### \*\*\*A Good Read\*\*\*

This week's recommendation was written by the man I followed into the State Senate, H.L. Richardson. After retiring from the Senate, Richardson wrote a short book titled "Confrontational Politics." He wrote the book to explain to conservatives how they could be more effective at influencing elected officials and accomplishing their policy objectives. Senator Richardson is a blunt person, and his brevity and directness make this book fun to read. He writes first about the basic moral beliefs that inform political philosophies and he challenges political activists to know and be able to defend what they believe. His examples are drawn from the conservative battles he led, particularly in favor of gun rights. This book is a practical manual for political debate and grassroots movements, but it is also inspirational, pushing you into taking action. Richardson concludes by quoting Teddy Roosevelt: "Far better it is to dare mighty things, to win glorious triumphs, even though checkered by failure, than to take rank with those poor spirits who neither enjoy much nor suffer much because they live in the gray twilight that knows neither victory nor defeat." You can order a copy at <http://www.gunowners.com/bookst.htm>

## **BOE AND LEGISLATIVE DATES**

**December 13-14, 2005** --- BOE meets in Sacramento.

**December 25, 2005** --- Christmas Day.

**December 26, 2005** --- State offices closed in observation of Christmas.

**December 30, 2005** --- First day to file petitions in-lieu of the filing fee for the June 2006 primary election.

**January 2, 2006** --- Legislature reconvenes; other state offices closed in observation of New Year's Day.

**January 16, 2006** --- Martin Luther King Jr. holiday.

**January 31-February 1, 2006** --- BOE meets in Sacramento.

## **NOTABLE DATES/ HISTORY**

**December 5, 1492** --- Columbus landed on Hispaniola (El Espanola/Haiti).

**December 5, 1933** --- The 21st Amendment to the Constitution was ratified. It is only amendment adopted to repeal an earlier amendment { 18th Amendment (Prohibition)}.

**December 6, 1768** --- The first edition of "Encyclopedia Britannica" was published (Scotland).

**December 6, 1865** --- The 13th Amendment was ratified, abolishing slavery.

**December 6, 1876** --- The town of Anaheim was duly incorporated under act of the Legislature of the State of California. (Anaheim's first charter, which had been approved on February 10, 1870, was revoked by the Legislature on March 7, 1872. The town was then reorganized to become a city of the sixth class under the General Laws of the State of California, carried at an election held in the town of Anaheim, Monday, the 4th day of June, 1888, in accordance with an Act of the Legislature approved March 13, 1883.)

**December 6, 1876** --- The Electoral College picked Representative Rutherford B. Hayes as President by a vote of 185-184. (Samuel J. Tilden had received 4,300,000 to Hayes' 4,036,000.)

**December 6, 1944** --- U.S. 95th Infantry Division reaches the Westwall (also known as the Siegfried Line) inside Germany.

**December 6, 1973** --- Gerald Ford was sworn-in as the first unelected Vice-President, succeeding Spiro T Agnew.

**December 6, 1992** --- San Francisco 49er Jerry Rice caught NFL-record 101st touchdown.

**December 7, 1875** --- Natives Sons of the West organized.

**December 7, 1941** --- Japan bombed Pearl Harbor, prompting the U.S. into World War II.

**December 8, 1776** --- George Washington's retreating army crossed the Delaware River from New Jersey.

**December 8, 1913** --- Construction began on the Palace of Fine Arts in San Francisco.

**December 9, 1907** --- Christmas seals went on sale for the first time as a fundraiser for tuberculosis research.

**December 10, 1690** --- Massachusetts Bay became the first American colonial government to borrow money.

**December 10, 1898** --- The Spanish-American War ended with the U.S. acquiring the Philippines, Puerto Rico and Guam.

**December 10, 1906** --- The first American was awarded Nobel Peace Prize: President Theodore Roosevelt.

**December 10, 1971** --- William H. Rehnquist was confirmed as a Supreme Court justice.

**December 11, 1941** --- Four days after Japan attacked Pearl Harbor, Germany and Italy declared war on the United States.

## **GENERAL TAX INFORMATION**

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115  
TDD service for the hearing impaired  
TDD phones: 800-735-2929  
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

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